
IASB® meeting

Date	January 2024
Project	Post-implementation Review of IFRS 15
Topic	Plan for PIR Phase 2
Contacts	Jelena Voilo (jvoilo@ifrs.org) Rachel Knubley (rknubley@ifrs.org)

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB® *Update*.

Introduction

1. This paper sets out next steps for phase 2 of the post-implementation review of IFRS 15 (PIR Phase 2) in the light of the feedback to the [Request for Information Post-implementation Review of IFRS 15 Revenue from Contracts with Customers](#) (the RFI) summarised in Agenda Papers 6A and 6B.

Plan for PIR Phase 2

Approach to developing recommendations on taking action

2. As a result of a post-implementation review, the IASB decides:
 - (a) whether overall, a Standard is working as intended; and
 - (b) whether to take action on any specific application matters raised by stakeholders.
3. In PIR Phase 2 the staff will first ask the IASB to consider specific application matters and then to decide whether overall IFRS 15 is working as intended.

-
4. The description of [IASB post-implementation reviews](#) sets out a framework for deciding whether and when to take further action in response to specific application matters. Specifically:
- (a) first, the IASB assesses whether the findings from the PIR provide evidence that:
 - (i) there are fundamental questions about the clarity and suitability of the new requirements;
 - (ii) the benefits to users of financial statements of the information arising from applying the requirements are significantly lower than expected (for example, there is significant diversity in application); or
 - (iii) the costs of applying the new requirements and auditing and enforcing their application are significantly greater than expected.
 - (b) then, if the findings provide evidence that any of the characteristics described in (a) are present, the IASB determines the prioritisation of the matter as high, medium or low based on the extent to which evidence indicates:
 - (i) the matter has substantial consequences;
 - (ii) the matter is pervasive;
 - (iii) the matter can be addressed by the IASB or the IFRS Interpretations Committee;
 - (iv) the benefits of an action are expected to outweigh the costs. To determine this, the IASB considers the extent of disruption and operational costs from change and importance of the matter to users.
5. The staff will follow this framework in developing recommendations for the IASB. As mentioned in paragraphs 3 and 5 of Agenda Paper 6A, overall feedback indicates little interest in fundamental changes to the Standard. Instead, for most application matters respondents asked the IASB to consider providing additional up-to-date illustrative examples, application guidance and/or educational materials.

-
6. As mentioned in paragraph 6 of Agenda Paper 6A, stakeholders appreciated the application guidance and illustrative examples published with IFRS 15 because these materials helped them understand how to apply the main requirements of the Standard. Respondents to the RFI suggested that providing additional application guidance, illustrative examples and/or educational materials would help entities apply the requirements in new or more complex situations and improve consistency in applying IFRS 15.
 7. However, in determining whether providing application guidance, illustrative examples or educational materials help resolve an application matter, the IASB would also need to consider that:
 - (a) in recent discussions on this and other projects, some stakeholders have said that educational materials and illustrative examples are not the best tool for changing behaviour or improving consistency in practice because they are non-mandatory and so not commonly translated or applied in some jurisdictions.
 - (b) amendments to IFRS 15 application guidance and illustrative examples would have to go through the same due process as amendments to the Standard.
 - (c) now that most stakeholders have developed accounting policies for their revenue contracts, additional application guidance and/or illustrative examples could lead to disruption in practice and additional costs because multiple entities would need to review their accounting policies to determine whether any changes are needed.
 - (d) respondents often asked for examples and guidance on complex fact patterns. One of the reasons for issuing IFRS 15 was to provide a principle-based framework that would be applicable to a wide range of entities and contracts. Additional examples or guidance can be useful if they apply to a common arrangement type. However, providing examples for specific complex fact patterns would be unlikely to help many stakeholders as the outcome could be dependent on small changes to facts and circumstances.

Convergence with FASB Topic 606

8. As mentioned in paragraph 88 of Agenda Paper 6A, almost all respondents said that it is important to retain at least the current degree of convergence between IFRS 15 and the FASB ASC Topic 606, Revenue from Contracts with Customers. Some respondents also requested the IASB and the FASB work together if any significant changes to requirements are considered. The FASB received similar feedback on convergence in its post-implementation review.
9. Consequently, in deciding whether to take action on its PIR findings, the staff recommend the IASB considers how any actions will affect the degree of convergence between IFRS 15 and Topic 606. To facilitate this:
 - (a) the staff will include in papers on specific matters respondents' comments on aligning IFRS 15 requirements with Topic 606, enabling the IASB to consider those comments when deciding whether to take action on those matters;
 - (b) after completing separate discussions on their respective post-implementation reviews, the IASB and the FASB will have a joint education session to share their findings and tentative decisions on whether to take further actions; and
 - (c) the IASB will then consider the observations made at the joint discussion in making final decisions on the Standard overall and on whether to take action on any of the matters.

Topics to be discussed further

10. Agenda Papers 6A–6B summarise main themes in the feedback on topics examined in the RFI. For raised application matters, the staff plan to bring topic-specific papers to future meetings. Those papers will provide more detail from the comment letters compared to Agenda Papers 6A–6B, with staff analysis and recommendations.
11. We plan to start the discussion with the three commonly raised (and partly interrelated) topics:

-
- (a) identification of performance obligations;
 - (b) principal versus agent considerations; and
 - (c) licensing.
12. We plan to bring papers on other topics in the order they are discussed in the RFI (which is consistent with the order the requirements are set out in IFRS 15).
13. Once the IASB discusses application matters related to IFRS 15 requirements, we will bring papers on matters related to applying IFRS 15 with other IFRS Accounting Standards.
14. We plan no specific papers on:
- (a) transition requirements. Overall, feedback indicated that the requirements and reliefs provided on transition to IFRS 15 achieved a good balance between costs for preparers and benefits for users. In addition, a few respondents provided suggestions for the IASB to consider in developing transition requirements in future standard-setting projects. Our view is that no further analysis of feedback is required.
 - (b) convergence with Topic 606. Paragraphs 8–9 explain our plans for considering feedback on this topic.
15. We suggest discussing topic *Overall assessment of IFRS 15* once the IASB had a chance to consider the way forward on all application matters and discussed the project with the FASB. To help the IASB assess whether IFRS 15 as a whole is working as intended, we also plan to provide an updated academic literature review.

Timing and next steps

16. As indicated in the table below, we plan to complete the topic-specific discussions and the discussion with the FASB in the second quarter of 2024. We expect the IASB to finalise its decisions in the third quarter and publish a project report and feedback statement shortly thereafter.

Topics for discussion in PIR Phase 2	Expected timing ¹
Identifying performance obligations Principal versus agent considerations Licensing	February 2024
Determining the transaction price Determining when to recognise revenue Disclosure requirements	March 2024
Applying IFRS 15 with other IFRS Accounting Standards Other matters	April 2024
Academic literature review	May 2024
Summary discussion—Joint IASB–FASB education session	June 2024
Overall assessment of IFRS 15 Summary discussion—IASB only	July 2024

¹ The timing of papers on specific topics may change depending on the staff's further analysis of the feedback.